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TELEGRAM

292 EXCISE

SECRET 786

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY CJ DATE 8/7/81
PORTIONS DENIED AS INDICATED

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17 12
ACTION AF-05

INFO OCT-01 SS-20 NEA-08 NSC-10 NSCE-00 INR-06 CIAE-00
NSAE-00 E-02 COM-02 INT-01 TRSY-06 L-02 RSR-01 RSC-01
/065 W

R 141556Z JUL 70
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC 6585
INFO AMEMBASSY BENGHAZI

S E C R E T TRIPOLI 1641

LIMDIS

REF STATE 111060

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3. [redacted] OTHER COMPANY SOOURCES HAVE TOLD EMBASSY THEY BELIEVE PRICE COMMITTEE CURRENTLY IS WORKING TO DETERMINE MAXIMUM PRICE LIMIT COMPANIES MAY BE MADE TO ACCEPT AND INTENDS TO CONCLUDE "FINAL" ROUND OF NEGOTIATIONS IN AUGUST SO THAT RESULTS OF NEGOTIATIONS CAN BE ANNOUNCED BY SEPTEMBER 1 ANNIVERSARY OF REVOLUTION. COMMITTEE MEMBER MUNTASIR ALSO TOLD EMBOFF LAST WEEK THAT COMMITTEE WOULD RESUME NEGOTIATIONS WITH ESSO AND OXY SOON TO REACH AGREEMENT WHICH WOULD SERVE AS BASIS FOR PRICE INCREASES BY OTHER COMPANIES.

4. COMMENT: [redacted] BECAUSE OF INDICATIONS PRICE COMMITTEE IS PREPARING TO CONFRONT ESSO AND OCCIDENTAL WITH REFORMULATED DEMAND SET AT LIMIT OF WHAT IT CONCLUDES COMPANIES MAY ACCEPT, EMBASSY BELIEVES ANY INDICATION OF SPECIAL ANXIETY BY THIRD COMPANY OVER PRICE ISSUE OR OFFER OF SIGNIFICANTLY IMPROVED TERMS, INTENDED TO ACHIEVE PROMPT SETTLEMENT, WOULD LEAD COMMITTEE TO HARDEN ITS PROSPECTIVE POSITION. WIDE GAP REMAINS BETWEEN COMMITTEE'S LAST FORMAL POSITION (PRICE INCREASE OF 37 CENTS RETROACTIVE TO 1965, PLUS SUEZ PREMIUM OF 17 CENTS FOR 1967 RISING TO 35 CENTS IN 1975) AND COMPANY OFFERS OF LESS THAN TEN CENTS NET, WITH NO RETROACTIVITY AND SOME PROGRESSIVITY. TO REACH COMPROMISE, EVEN IN AREA OF 20 CENT NET INCREASE BY 1975, WOULD REQUIRE PROPORTIONATELY GREATER MOVEMENT BY COMMITTEE THAN BY COMPANIES. GIVEN MAJORS' CONCERN ABOUT IMPACT OF PRICE INCREASE IN LIBYA ABOVE TEN CENTS ON THEIR INTERESTS IN PERSIAN GULF, MAJORS ULTIMATELY MAY FIND IT EASIER TO SWALLOW UNILATERAL ACTION THAN TO REACH AGREEMENT WITH LARG. IN THIS EVENT, THOSE INDEPENDENTS WHICH DO NOT SHARE MAJORS' CONCERN WOULD HAVE STRONGER HAD TO PLAY. EMBASSY BELIEVES INDEPENDENTS SHOULD CONSIDER CONSERVING FURTHER SIGNIFICANT CONCESSIONS ON POSTED PRICE UNTIL PRESERVING THEIR INTERESTS DEMANDS THAT THEY BE MADE. WE WILL TAKE THIS LINE [redacted] IF ASKED FOR OUR VIEWS. GP-4.

PALMER

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